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ED

6 January 1955

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Copy No. 79

3.5(c)

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 58
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 8/1/80 REVIEWER: [Redacted]

[Redacted]

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

[Redacted]

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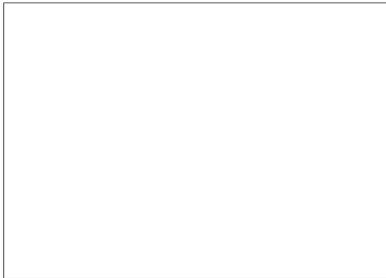
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GENERAL

1. Comment on Peiping's stand on Asian-African conference:



Communist China seems to be moving to seize the initiative at the Asian-African conference scheduled to be held at Bandung next April. Chinese Communist spokesmen in the past two days have presented Peiping as an authoritative voice on what they claim to be the conference's principal subject--anticolonialism.

Peiping is attempting to define the purpose of the meeting as "enlarging the peace area." The Chinese Communists will almost certainly try to use the sessions to extend their diplomatic and economic relations.

Communist China also is attempting to isolate the United States by accusing it of being opposed to the conference. This charge has been echoed in the Orbit and Indian press.

The American embassy at New Delhi believes that Nehru can be counted on to resist Chinese efforts to dominate the meetings. Several other prospective participants are also expected to resist Peiping's bid for leadership.

2. Egypt plans anti-Communist program for Asian-African conference:



Egyptian foreign minister Fawzi told Ambassador Caffery on 4 January that Cairo believes it will be able to line up ten other countries for an anti-Communist program at the Asian-African conference. Fawzi said this program would attempt to (1) silence any talk about a third bloc, (2) influence Indonesia and Nehru away from the Communists, (3) give the conference a "good push" toward Western thinking, and (4) avoid any semblance of recognition of Communist China.



SOUTHEAST ASIA

3. Ouster of Thai army chief reported imminent:



General Sarit will soon be eased out of his job as commander in chief of the Thai army, 

 He is said to have no remaining power and will be replaced by the commander of the Bangkok garrison, General Thanom.

Sarit alerted the army on 25 December allegedly because he was afraid of a group of young army officers who were reported planning to oust him after having heard rumors of his drunken misconduct at a dinner party for Admiral Radford. Army officers have long been embittered over Sarit's drunkenness and his failure to keep promotion promises.

Comment: Sarit, Premier Phibun and Police Director General Phao have long been considered the three most powerful figures in Thailand. In recent months, however, Sarit has rapidly lost ground to the more dynamic Phao.

It is by no means certain that Sarit's strong following in the army has been seriously diminished. Should he be ousted, his successor would have to move quickly to redress the grievances of Sarit's erstwhile supporters if a serious threat to the stability of the regime were to be avoided.

4. Comment on Indonesian declaration of state of emergency in South Moluccas:



The declaration by the Indonesian government on 5 January of a state of emergency in the South Moluccas, a small group of

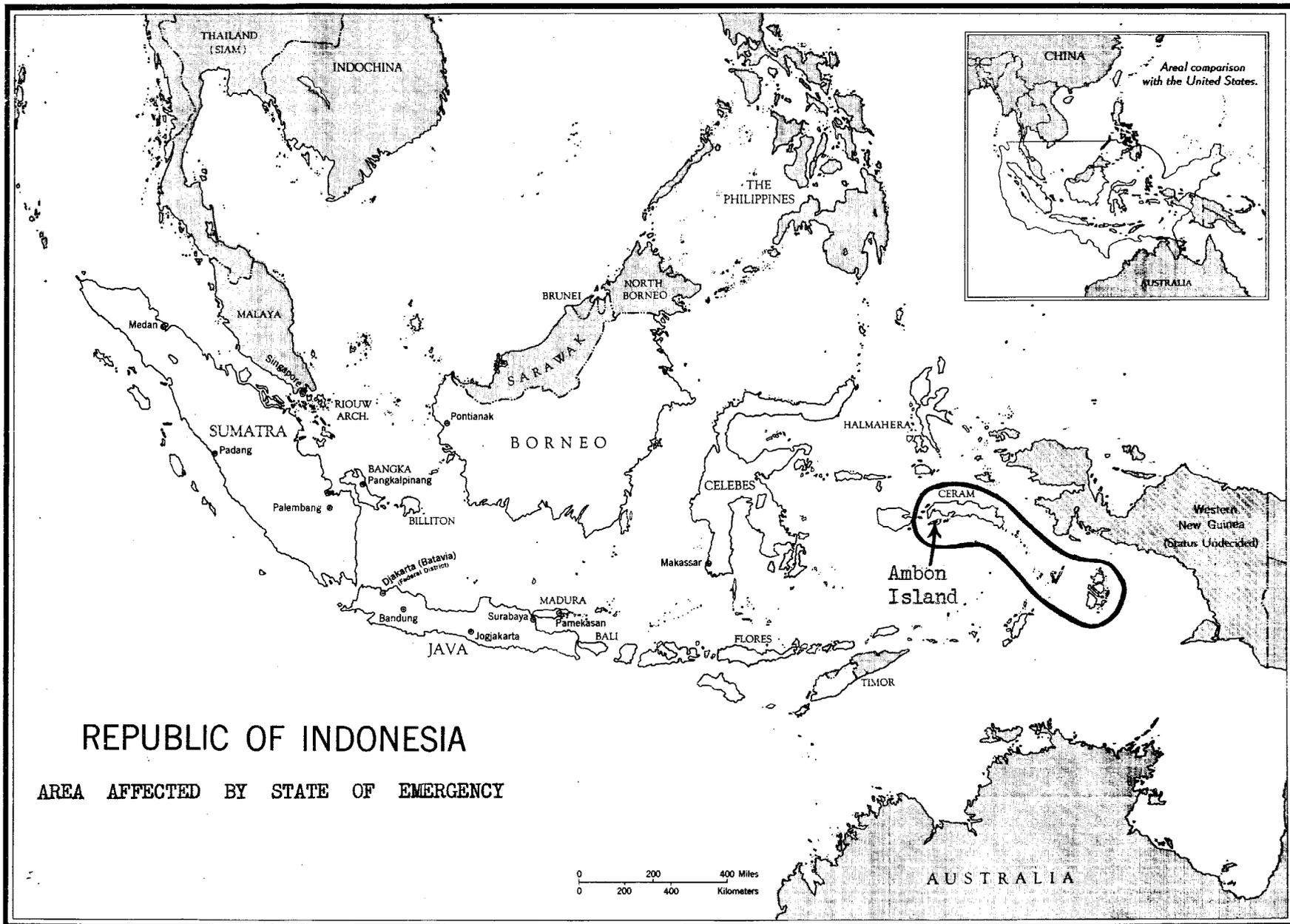
islands in East Indonesia, points up Djakarta's difficulty in consolidating its authority over outlying non-Javanese areas (see map, p. 6). Since early December government spokesmen have made several vague references to trouble in the area, at the same time claiming that things were well in hand.

The self-styled "South Moluccan Republic," centered on Ambon Island, staged an unsuccessful military effort for independence in 1950 and 1951, and is generally supported by the 100,000 Ambonese in the area who are anti-Javanese and pro-Dutch. The movement has never been entirely suppressed, and Indonesian authorities consider it Dutch-supported.

Government forces are believed capable of containing the dissidents. In view of recent statements by President Sukarno and high-ranking National Party leaders, however, recommending the use of force to win Netherlands New Guinea, the Indonesian government may use the Moluccan situation to justify increasing its clandestine military activity in New Guinea. Indonesian infiltration parties have been apprehended there by the Dutch during the past 18 months, most recently in October.

NEAR EAST - AFRICA

5. Split between Shah and Iranian prime minister widens:



Presentations Division, January 1955 (50105-5)



Comment: Zahedi's position, which has been deteriorating, will probably be further weakened by his objection to the Shah's discussion of additional American military aid in view of the Shah's well-known interest in strengthening the Iranian military establishment.

The Shah has been reported several times to be planning to remove Zahedi after returning from the United States, and these reported actions of the prime minister are likely to confirm the Shah's determination to do so.

6. Comment on Sudanese political developments:



Premier Azhari's pro-Egyptian government may fall when the Sudanese parliament reconvenes in mid-February because of an indicated realignment of political groups. A report from Khartoum states that Sayid Ali Mirghani, leader of the important Khatmia Moslem sect, has "granted his patronage" to a new Republican Independence Party, open to all who favor independence for the Sudan. This suggests that a union between pro-independence elements of the governing National Unionist Party and the opposition Umma Party may be imminent.

Identification of Mirghani with Sudanese independence would be a serious setback to Cairo's efforts to obtain union of the two countries, since Azhari's Egyptian-sponsored National Unionist Party is dependent on the Khatmia for popular support.

Under the terms of the Anglo-Egyptian agreement on the future of the Sudan, the Sudanese are to choose either complete independence or union with Egypt before 1957. Mirghani's reported action considerably strengthens the Sudanese independence movement. 

EASTERN EUROPE

7. Yugoslav-Chinese Communist relations to be established this month:

 Yugoslav ambassador Vidic in Moscow told Ambassador Bohlen on 4 January that Yugoslavia and Communist China would exchange diplomatic representatives in the near future, and in any event "this month." Vidic emphatically stated that the Russians had not been intermediaries, but that the negotiations had been conducted through informal exchanges directly between Chinese and Yugoslav officials. Although Vidic did not reveal where they took place, Bohlen believes it may well have been in Moscow.

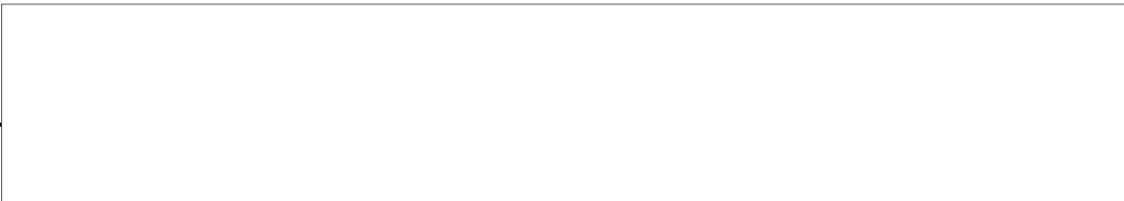
Vidic reportedly expressed hope that this development would not be misunderstood in the United States, and emphasized it was an entirely logical consequence.

Comment: Yugoslavia has long favored establishing relations with Communist China and announced recognition of the Peiping regime several years ago. It has repeatedly declared that Western recognition of the Peiping regime is the best insurance against Soviet domination of Communist China. It was previously reported that arrangements for Sino-Yugoslav diplomatic relations might be completed in Rangoon, where Tito is to arrive today.

Peiping's willingness to open diplomatic relations with Yugoslavia at this time is almost certainly part of the Orbit's efforts to improve relations with Belgrade. Moscow may even have believed that the goal would be best advanced in this instance by remaining in the background.

LATIN AMERICA

8. Nicaraguan opposition reported planning revolt:



[REDACTED] President Somoza believes Conservative leader Emiliano Chamorro is planning an attack on the presidential palace, "using peons armed with machetes." Somoza has increased security precautions and has moved his son, who is the armed forces chief of staff, into his fortified residence.

Comment: Conservatives as well as members of the former "Caribbean Legion" were recently found guilty by a Nicaraguan court of complicity in the 3 April assassination attempt against Somoza. The Nicaraguan president believes the attempt was prepared with the aid of Costa Rican president Figueres.

The National Guard, Nicaragua's only armed force, which could probably suppress any attempted revolt, is believed loyal to Somoza.